

Coburn Amendment #2535 - To Require Higher Income Seniors to Pay More for their Share of Medicare Parts B&D

This amendment, based on bipartisan proposals, would require wealthy seniors to pay their fair share of Medicare Parts B and D.

Many Americans support requiring wealthy seniors to contribute more of their Medicare premium costs.

Lawmakers on both sides of the aisle have supported increased income-relating of Medicare premiums for higher income seniors.

Proposals similar to this were included both in *The Lieberman-Coburn Bipartisan Proposal to Save Medicare*, as well as President Obama's 2012 Budget. In these examples, these similar proposals would save tens of billions of dollars.¹

This amendment would require higher income Americans to pay more for their share of Medicare Part B.

Medicare Part B is not funded by the payroll taxes that are deducted from their paychecks. Medicare Part B is supported by premiums (25%) and general tax revenue (75%). This means that many wealthy Americans effectively have their Medicare Part B coverage subsidized through general revenue tax dollars.

This amendment will require those 65 and older who are making more than \$150,000 annually (\$300,000 for couples) to pay the full cost of their Medicare Part B coverage.

Using federal tax dollars to subsidize the health insurance of high income retirees is unwise. Warren Buffett can afford to pay the full cost of his Medicare Part B insurance coverage and thousands of other wealthy seniors can as well. Well-off

¹ **From the President's 2012 Budget.** Increase Income-Related Premiums Under Part B and Part D: Under Medicare Parts B and D, certain beneficiaries pay higher premiums based on their higher levels of income. Beginning in 2017, this proposal would increase income-related premiums under Medicare Parts B and D by 15 percent (income related premiums would range between 40 percent and 90 percent depending on a person's income) and maintain the income thresholds associated with these premiums until 25 percent of beneficiaries under Parts B and D are subject to these premiums. This proposal will help improve the financial stability of the Medicare program by reducing the Federal subsidy of Medicare costs for those beneficiaries who can most afford it. [\$27.6 billion in savings over 10 years], <http://www.hhs.gov/budget/budget-brief-fy2013.pdf>. **The Lieberman-Coburn proposal:** http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=1ea8e116-6d15-46ba-b2e0-731258583305

seniors in higher income brackets should pay the full \$400+ premium for their Medicare Part B coverage.

This amendment would require higher income Americans to pay more for their share of Medicare Part D.

The Medicare drug program (Part D) was created in 2003 and began in 2006.

In 2010, 83% of total program costs were paid by general revenues, with just 11% of the program costs covered by beneficiary premiums. This means that many wealthy Americans effectively have their Medicare Part D health insurance subsidized through general revenue tax dollars. This is an inefficient use of taxpayer dollars.

This amendment will require those 65 and older who are making more than \$150,000 annually (\$300,000 for couples) to pay the full premium costs for their Medicare Part D drug coverage.

Congress has a moral obligation to act now to adopt common-sense solutions to save Medicare and protect seniors.

The Medicare program could be as insolvent as soon as 2017.

Virtually no one disagrees that the current course the Medicare program on is financially unsustainable in the long-term.

The greatest threat to seniors is not Medicare reform, but the status quo.

Therefore, it is incumbent on Congress to adopt common-sense solutions to help reduce program spending and save Medicare.

Now it is time to take the first step by passing this amendment.